



Item: BF: A-4b

## **BUDGET AND FINANCE COMMITTEE**

**Tuesday, June 4, 2019**

**SUBJECT: REQUEST FOR APPROVAL OF THE 2019-20 FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION OPERATING BUDGET.**

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### **PROPOSED COMMITTEE ACTION**

Review and recommend approval of the 2019-20 Florida Atlantic University Research Corporation's (FAURC) Operating Budget; and, authorize the University President to amend this budget as appropriate during the fiscal year consistent with the FAURC's directives and guidelines.

### **BACKGROUND INFORMATION**

The FAURC By-laws, amended May 18, 2011, require the preparation of an annual budget. The budget must be prepared annually and be approved by the FAURC Board of Directors and the University President, a member of the FAURC Board of Directors. The Board of Trustees must approve the Corporation's budget before it can be enacted.

During the April 11, 2019 FAURC Board meeting, this budget was approved.

### **IMPLEMENTATION PLAN/DATE**

July 1, 2019.

### **FISCAL IMPLICATIONS**

N/A.

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**Supporting Documentation:** Proposed 2019-20 FAURC Operating Budget

**Presented by:** Lynn Asseff, Assistant V.P. Financial Management

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<b>FAU Research Corporation Proposed Budget 2019/20</b>			
	Restricted	Unrestricted	Total
<b>Revenue:</b>			
Nongovernmental grants and contracts	10,000	-	10,000
Royalties	176,288	110,547	286,835
Investment Income	-	11,500	11,500
<b>Total Revenue</b>	<b>186,288</b>	<b>122,047</b>	<b>308,335</b>
<b>Expenses:</b>			
Contractual and program expenses	10,000	110,000	120,000
Royalty expense	176,288	-	176,288
<b>Total Expenses</b>	<b>186,288</b>	<b>110,000</b>	<b>296,288</b>

**Nongovernmental grants and contracts:** Certain contracts and grants are administered through the Research Corporation. These are typically small awards for research projects that needed to be awarded to a 501 c (3) organization.

**Royalties:** money received from companies for royalties on patents. This money is distributed back to the inventor, and the Research Corporation based on the distribution formula. The restricted portion consists of the total royalty payments received and distributed back. Of this total, an estimated \$110,547 remains in the Research Corporation which is then classified as unrestricted revenue. This money is used to cover the operating expenses of the Research Corporation including the annual audit and other operating expenses. Royalties are generated from Edge Tech, Interact and OP Solutions.

**Investment:** To provide up to 20% of unrestricted net assets or \$100,000 to invest into Tech Runway startup companies.

**FAU Research Corporation 5-year**

	<b>Budget 2015/16</b>			<b>Budget 2016/17</b>			<b>Budget 2017/18</b>			<b>Budget 2018/19</b>			<b>Budget 2019/20</b>		
	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
<b>Revenue:</b>															
Nongovernmental grants and contracts	30,000	-	30,000	10,000	-	10,000	10,000	-	10,000	10,000	-	10,000	10,000	-	10,000
Royalties	150,000	50,000	200,000	75,000	75,000	150,000	150,000	75,000	225,000	75,000	75,000	150,000	176,288	110,547	286,835
Investment Income	-	7,500	7,500	-	7,500	7,500	-	7,500	7,500	-	7,500	7,500	-	11,500	11,500
<b>Total Revenue</b>	<b>180,000</b>	<b>57,500</b>	<b>237,500</b>	<b>85,000</b>	<b>82,500</b>	<b>167,500</b>	<b>160,000</b>	<b>82,500</b>	<b>242,500</b>	<b>85,000</b>	<b>82,500</b>	<b>167,500</b>	<b>186,288</b>	<b>122,047</b>	<b>308,335</b>
<b>Expenses:</b>															
Contractual and program expenses	30,000	57,500	87,500	10,000	82,500	92,500	90,000	82,500	172,500	10,000	82,500	92,500	10,000	110,000	120,000
Royalty expense	150,000	-	150,000	75,000	-	75,000	150,000	-	150,000	75,000	-	75,000	176,288	-	176,288
Investment expense	-	-	-	-	-	-	-	100,000	100,000	-	-	-	-	-	-
<b>Total Expenses</b>	<b>180,000</b>	<b>57,500</b>	<b>237,500</b>	<b>85,000</b>	<b>82,500</b>	<b>167,500</b>	<b>240,000</b>	<b>182,500</b>	<b>422,500</b>	<b>85,000</b>	<b>82,500</b>	<b>167,500</b>	<b>186,288</b>	<b>110,000</b>	<b>296,288</b>